

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 109035  
ORIGIN EUR-12

INFO OCT-01 ISO-00 SS-15 CEA-01 SIG-03 AID-05 CIAE-00  
COME-00 EB-08 EA-10 FRB-03 INR-10 IO-13 NEA-10  
NSAE-00 ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04  
SIL-01 AGRE-00 OMB-01 /113 R

DRAFTED BY:EUR/RPE: D B TIMMINS  
APPROVED BY:EUR/RPE: A C ALBRECHT  
E: S BLACK  
CEA: J SHAFER  
-----115689 291731Z /45  
R 282000Z APR 78  
FM SECSTATE WASHDC  
TO PARIS 9768  
ALL OECD CAPITALS

LIMITED OFFICIAL USE STATE 109035

USOECD

E.O. 11652: N/A

TAGS: EFIN, EGEN, OECD

SUBJECT: MARRIS VISIT: ECONOMIC GROWTH AND POSITIVE AD-  
JUSTMENT POLICIES

1. STEPHEN MARRIS, ECONOMIC ADVISOR TO OECD SEC GEN MET  
ON APRIL 26 IN WASHINGTON WITH UNDER SECRETARY COOPER, CEA  
CHAIRMAN SCHULTZE, SPECIAL ADVISOR TO PRESIDENT ON SUMMIT  
AFFAIRS OWEN AND OTHERS. MAIN TOPICS OF DISCUSSION WERE  
(A) MACRO-ECONOMIC OUTLOOK AND (B) PACKAGING OF POSITIVE  
ADJUSTMENT ISSUES FOR JUNE 14/15 OECD MINISTERIAL.  
DISCUSSIONS WERE VIRTUALLY IDENTICAL AT ALL MEETINGS, WITH  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 109035

DIFFERENCES ON EMPHASIS. MARRIS RECEIVED GENERAL SUPPORT  
ON THE SUBSTANTIVE ELEMENTS OF HIS PRESENTATION. PROCEDURAL  
MODALITIES REMAIN OPEN FOR LATER DECISION.

2. ON GROWTH OUTLOOK, MARRIS REPORTED THAT FIGURES FROM  
THE OECD MODEL, REVISED TO TAKE INTO ACCOUNT COMMENTS OF  
LAST WP-2, WERE DISTRESSINGLY LOW. TABLES LEFT WITH U.S.

PARTICIPANTS REVEAL THAT THE OECD ESTIMATE FOR 1978 GROWTH OF GERMAN GNP WILL NOT EXCEED 3 PERCENT; UK 2.5 PERCENT; FRANCE 3.3 PERCENT; U.S. 4 PERCENT. SCHULTZE INFORMED MARRIS THAT THE OECD FIGURE FOR THE U.S. APPEARS PESSIMISTIC COMPARED TO THE MOST RECENT U.S. ESTIMATE. THE OVERALL GROWTH FIGURE FOR THE OECD AS A WHOLE (2.8 PERCENT) IS WITHIN PLAUSIBLE RANGE OF U.S. EXPECTATIONS.

3. HAVING SET THE STAGE FOR A PRESENTATION OF HIS VIEWS ON POSITIVE ADJUSTMENT POLICIES, MARRIS SAID A RECENT SECRETARIAT STUDY OF SEVEN OECD MEMBERS REVEALS DISTURBING EVIDENCE THAT EXTENSIVE SUBSIDIES AND OTHER DEPARTURES FROM THE LIBERAL TRADE STRUCTURE WHICH HAS BEEN THE ENGINE OF POST-WAR GROWTH ARE BECOMING ENTRENCHED IN THE SYSTEM. THE RECENT BILDERBERG CONFERENCE ILLUSTRATED THE DEGREE TO WHICH GROWTH PESSIMISM HAS PERMEATED EUROPEAN THINKING. MARRIS ASSERTED THAT HE IS ALMOST ALONE AMONG OECD STAFF AS BELIEVER IN GROWTH. STUDIES SHOW THAT DESPITE COMPARATIVELY HIGH RECENT GROWTH IN LDC EXPORTS COMPARED TO DC EXPORT GROWTH, BASE IS SMALL AND REAL THREAT IS SPECIOUS. BUT FEW SEEM TO HAVE STUDIED THE FACTS. POLICY DECISIONS ARE BEING MADE ON THE BASIS OF SPURIOUS IMPRESSIONS RISKING DETERIORATION INTO PANIC PROTECTIONISM.

4. POSITIVE ADJUSTMENT PAPER WAS WRITTEN TO DETAIL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 109035

PROGRAM FOR CONVERTING CREEPING SUBSIDIES AND OTHER PROTECTIONIST MEASURES INTO TIME-LIMITED ACTIONS WITH ACTIVE PHASE-OUT PROVISIONS. INTENTION WOULD BE TO CREATE INITIATIVE TO RESTORE COMPETITIVE CONDITIONS THROUGHOUT OECD AREA. MARRIS SAID HE HAD FOUND STRONG SUPPORT IN GERMANY, AND VARYING DEGREES OF UNDERSTANDING IN FRANCE, UK AND ELSEWHERE. TAKING U.S. SUBSTANTIVE SUPPORT FOR GRANTED, BASED ON LAST XCSS MEETING, HE HAD LEFT U.S. TRIP UNTIL LAST. HE ASKED FOR COMMENTS ON XCSS PAPER BY HIS RETURN FROM MEXICO NEXT WEEK. MARRIS' AIM WAS TO HAVE A DRAFT ON MAY 8 OF WHAT MIGHT BE CONSIDERED BY MINISTERS. THIS WOULD THEN BE CIRCULATED FOR STUDY BY GOVERNMENTS IN TIME TO CONVENE AD HOC GROUP TO MEET SIMULTANEOUSLY WITH AND PARALLEL TO MAY 29-30 EPC. SECRETARIAT HOPE IS THAT TAKING INTO ACCOUNT VIEWS OF INTERESTED AGENCIES, PAPER COULD BE ACCEPTED BY MINISTERS ON JUNE 14-15, PROVIDING A SOLID BASE FOR FOLLOW-UP WORK.

5. WASHINGTON PARTICIPANTS STRONGLY SUPPORTED SUBSTANTIVE THINKING BEHIND SECRETARIAT INITIATIVE, EXPRESSED SOME DOUBT THAT GOVERNMENTS WOULD BE ABLE TO APPROVE AN AMBITIOUS PAPER IN TIME REMAINING BEFORE MINISTERIAL.

COOPER ENCOURAGED MARRIS TO TRY TO OBTAIN APPROVAL OF  
AS STRONG A STATEMENT AS POSSIBLE FOR MINISTERIAL.  
VANCE

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** VISITS, CONSULTANTS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE109035  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** EUR/RPE: D B TIMMINS  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780184-0259  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t1978044/aaaaacmn.tel  
**Line Count:** 119  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 215201ab-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2915612  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MARRIS VISIT: ECONOMIC GROWTH AND POSITIVE AD- JUSTMENT POLICIES  
**TAGS:** EFIN, EGEN, OECD, (MARRIS, STEPHEN)  
**To:** PARIS OECD POSTS MULTIPLE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/215201ab-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014